

MINUTES OF THE MEETING
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY

August 24, 2005

MEMBERS PRESENT: Ryan C. Kitchell, Vice Chairman; Lance Rhodes; William Lister; Sue Scholer; and Kenneth D. Metzger

ALSO PRESENT: Keri Trolson, Piper Jaffray; Alan Feldbaum, Barnes & Thornburg; Joseph N. Travaglini, The GMS Group, LLC; John Gillmor, American Eagle Life Care Group; Wayne Tush, Medical Rehabilitation Centers, Inc.; Lynda Hanna, JP Morgan; Tom Cook, Howard; Ken Dicken, Howard; Bob Kocher, JP Morgan; Kelly Hill, City Securities; Brenda Horn, Susan Price, Kristin McClellan, Ice Miller; Neal Steinban, Barnes & Thornburg; Amy Kosnoff, Baker & Daniels; Rachelle Lore, Amy Corsaro; and Dan Kramer.

The Vice-Chairman welcomed those in attendance, recognized the presence of a quorum and called the meeting to order at 11:00 a.m. on August 24, 2005, in Suite 900, One North Capitol, Indianapolis, Indiana, pursuant to notice thereof.

The Vice-Chairman asked for approval of the Minutes of the July 27, 2005, meeting of the Indiana Health and Educational Facility Financing Authority. Thereupon, upon motion made by Mr. Metzger and seconded by Mr. Lister, it was unanimously:

RESOLVED, the Minutes of the July 27, 2005, meeting of the Indiana Health and Educational Facility Financing Authority, and hereby are approved and ratified, and the Executive Director is instructed to execute same and to place same in the Minute Book as the Minutes of the July 27, 2005, Meeting of the Indiana Health and Educational Facility Financing Authority.

Mr. Kitchell then turned to Amy Corsaro for discussion in regards to the ethics policy. Ms. Corsaro brought to the attention of the global board a Resolution included in the board members' packets that would adopt a code of ethics under the jurisdiction and rules adopted by the state ethics commission. Ms. Corsaro reminded the board that this resolution could be moved or discussion can be continued. She stated that Mr. Shane was fine either way on the action of the board. Ms. Corsaro also reminded the board that this resolution covered only the ethics portion, and did not cover the investment policy or the unrated obligation policy. It was noted that both Ms. Borrer and Mr. Shane were in agreement on the acceptance of the state ethics commission's policy. Mr. Kitchell put the matter to motion which was moved by Mr. Lister and seconded by Ms. Scholer, it was unanimously:

RESOLVED, the Resolution of the Indiana Health and Education Facility Financing Authority Regarding a Code of Ethics determining the Authority to be

under the jurisdiction and rules adopted by the state ethics commission, replacing all prior ethics policies, be and hereby is approved.

Ms. Corsaro verified that she will be sending out the preliminary resolutions for the investment policy and unrated obligation policy before the next meeting.

Mr. Kitchell then asked for the Executive Director's Report.

EXECUTIVE DIRECTOR'S REPORT

A copy of the Executive Director's Report is attached hereto as Exhibit A.

The Executive Director began his report by informing Members that the move of the IHEFFA was completed successfully and reminded Members of the new phone numbers and addresses.

The Executive Director continued his report by informing Members that the Parkview Health System Obligated Group closed on July 28, 2005 successfully.

The Executive Director continued his report by informing Members that included in their folders was a preliminary resolution and an application for the American Eagle Life-Care Corporation in an amount not to exceed \$19,000,000. He introduced Mr. Alan Feldbaum of Barnes and Thornburg, bond counsel, and Wayne Tush from the Medical Rehabilitation Centers, Inc., to discuss the application.

Mr. Feldbaum stated that the bonds would be used to purchase three existing senior life care facilities: The Home Place in Indianapolis, Sanders Glen in Westfield, and Morning Breeze Retirement Community & Healthcare Center in Greensburg Indiana. The facilities will be owned by a limited liability corporation, the sole member of which will be American Eagle LifeCare Corporation, which is a 501(c)(3) corporation. Though 501(c)(3) corporations are required by tax code to obtain financing through a government agency, the sole responsibility of repaying the bonds lies with the borrowers and will not utilize any tax money. Mr. Feldbaum reminded the board that this would be an unrated bond issue and therefore must meet the Authority's guidelines for unrated bonds. A feasibility study by Crowe Chizek will be forthcoming and Ponder & Co. has been retained to serve as financial advisor for the resale of the bonds. Mr. Feldbaum then introduced Wayne Tush to talk in more detail about the facilities to be purchased.

Mr. Tush began by circulating literature about the three facilities that are proposed for purchase beginning with Sanders Glen. Sanders Glen is an independent living facility located in Westfield, Indiana on approximately 10 acres. The facility has 111 units with rent ranging from \$1100 to \$1800 per month. They normally have an 80-90% occupancy rate, although the current census is in the high 70% range.

Mr. Tush continued his report by discussing The Home Place. This is a strictly independent living facility with no home health care facilities located in the southwest corner

of Marion County. The facility has approximately 60 apartments with rent ranging from \$560 to \$900 per month. The rent is lower due to it primarily being an apartment facility. The occupancy is currently at 100% and has been for several months.

Mr. Tush continued with the third building, Morning Breeze located in Greensburg Indiana, which offers all three levels of continuing care; independent living, assisted living, and skilled nursing care. There are 18 independent living units, 27 assisted living units, and 43 skilled nursing beds. Mr. Tush then introduced John Gillmor to discuss the board of American Eagle LifeCare.

Mr. Gillmor explained that the American Eagle LifeCare Corporation is a 501(c)(3) company founded in Tennessee by Scott Kellman with the vision of becoming a nationwide company. The board consists of three members; F. Scott Kellman, Mark Miller, and Mr. Gillmor. Mr. Gillmor then introduced Mr. Joe Travaglini from The GMS Group, L.L.C.

Mr. Travaglini explained that The GMS Group, L.L.C. was formed in 1979 when they established themselves as specialists in tax exempt bonds for Long Term Care and Senior Living facilities. They are a full service brokerage firm.

Mr. Feldbaum then reminded the board that this was a preliminary resolution and they would be returning in September for a final resolution. Ms. Corsaro asked when they would be receiving a copy of the feasibility study, to which Mr. Tush answered three weeks. It will be reviewed by Ponder & Co., and they will also be attending the September meeting.

Thereupon, upon motion made by Mr. Lister and seconded by Mr. Rhodes, it was unanimously:

RESOLVED, the Preliminary Resolution Authorizing the Issuance of the Indiana Health and Education Facility Financing Authority Health Care Revenue Bonds (American Eagle LifeCare Project), in the principal amount not to exceed \$19,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit B.

The Executive Director then continued with the next item on the agenda, the Application, Preliminary Resolution, and Final Resolution for the Howard Regional Health System transaction. Ms. Brenda Horn of Ice Miller told the board that they were here for final approval for the Howard Regional Health System financing. They came in April for their preliminary resolution with a plan of coming back when the financing structure was firmed up. Howard Regional Health System has been before the agency previously in regards to existing pool loans, this would be the first major financing entirely on their own. This financing will also be paying off two of the pool loans, the other two will be maturing shortly and they will be left outstanding. This will be a floating rate transaction, with Letters of Credit from both Comerica Bank and National City Bank. Ms. Horn noted that she was accompanied by Tom

Cook and Ken Dicken of Howard Regional Health Care as well as Keri Trolson from Piper Jaffray.

Mr. Kitchell then asked if there were any questions, and there were none.

Thereupon, upon motion made by Mr. Rhodes and seconded by Mr. Lister, it was unanimously:

RESOLVED, the Resolution Authorizing the Issuance of the Indiana Health and Education Facility Financing Authority Hospital Revenue Bonds, Series 2005 (Howard Regional Health System Project), in the principal amount not to exceed \$50,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

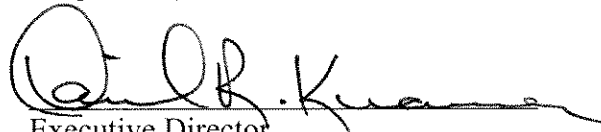
A copy of the Resolution is attached hereto as Exhibit C.

The Executive Director then reminded the Members that included in their packets were the Cash and Investment Report as well as the September 2005 National Association of Higher Educational Facilities Authority / National Council of Health Facilities Finance Authorities Newsletter.

The Executive Director concluded his report.

There being no further business, the meeting was adjourned.

Respectfully submitted,



Executive Director